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# Kuehl's health plan to get new push

**'Single-payer' measure was approved last year by the Legislature but vetoed by the governor, whose healthcare proposal it counters.**

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SACRAMENTO — Calling Gov. Arnold Schwarzenegger's healthcare plan a giveaway to insurers, Democratic lawmakers and some advocates will renew their effort today to replace the entire industry in California with a government-run health plan.

Commonly called "single-payer," the proposal was approved by the Legislature last year but vetoed by Schwarzenegger. The measure has gained support over the last year as a rallying point against increasing frustration with the existing system and rising concerns about Schwarzenegger's plan. With the governor's opposition still firm, legislative leaders, including the bill's sponsor, admit that pushing the measure is an academic exercise this year, but one that they hope will become concrete down the road.

"Politicians say they're serious about health reform, but most of their solutions are not," Deborah Burger, president of the California Nurses Assn., said in radio ads in support of the single-payer measure. Schwarzenegger's plan is "not health reform, it's a windfall for big insurance companies."

The alternative proposal, offered for the third year in a row by Sen. Sheila Kuehl (D-Santa Monica), would create a state agency to pay for medical treatment for all Californians. Doctors and hospitals would remain private entities.

Financed by taxes on payroll and income, the plan is presented by proponents as a panacea, providing everyone with more and better care while saving most families money by eliminating much of the administrative cost of the current healthcare bureaucracy.

A 2004 study by the Lewin Group, a consulting group whose other work has been cited by Schwarzenegger's office, estimated that the plan could extend coverage to the 6.5 million Californians without insurance while saving $8 billion, or 4% of healthcare spending in California by individuals and businesses.

Not surprisingly, the insurance industry opposes the measure. So do other key healthcare players, including the California Medical Assn., the state's largest doctors lobby, which has been frustrated by the low payment rates from Medi-Cal, which is essentially a single-payer system for the poor.

Insurers have raised fears of long waiting lines and ballooning tax increases if the plan were implemented. They also have argued that the cost savings are overstated because the government would have to do much of the paperwork now done by private companies.

In his veto last year, Schwarzenegger called the idea "a serious and expensive mistake" that would not solve "the critical issue of affordability."

Tom Epstein, a spokesman for Blue Shield of California, said: "It would cost significantly more than other reform models and provides too few incentives for proper utilization of healthcare services."

But the plan has retained its appeal because it would eliminate the least popular part of the healthcare industry: insurance companies. Though insurers zealously guard their profit margins, the California Department of Insurance, which oversees some of the insurance plans, reported in 2005 that some individual plans kept 20% or more of premiums for profits and administration.

As premiums have risen, insurers have taken a good deal of the flak, though many experts say that the aging population and increased use of ever advancing technology have more to do with the rising cost than does corporate avarice.

"I'm assuming if you get some of the greed removed from the system, you wouldn't have this open market free-for-all," Steve Howes, a real estate agent from a Sacramento suburb, said after participating in a round-table discussion with the governor at the end of January.

"It seems that would level the playing field, but I don't think it's ever going to happen," Howes said. "I don't think they [the insurance companies] are going to go quietly into the dark."

Schwarzenegger has proposed that insurers no longer be allowed to reject consumers because of their health problems and also recommends capping their profits and administration costs at 15%, as the state now does with health maintenance organizations.

"Right now the insurers' administrative costs, which includes profits, have been growing faster than the cost of healthcare," said John Sheils, a vice president at Lewin Group, which is based in Virginia. But, he said, replacing the market with a government bureaucracy would make it harder to properly allocate resources to areas where they were needed, such as primary care or certain specialties.

"You know where you have a resource problem in the single-payer system by measuring the queues," he said. "If you don't have the market process, it would take a while to figure that out."

Despite the assertions about them in the nurses' radio ad, not all insurers have signed onto the governor's plan. In a letter to lawmakers earlier this month, Blue Cross of California said the governor's plan would cause premiums to spiral and turn California into a magnet for sick people from other states. Other insurers, including Blue Shield and Kaiser Permanente, have issued tacit support for the governor's approach.

Kuehl plans to publicly unveil the single-payer bill, SB 840, today. It has the endorsement of more than 400 entities, including the city of Los Angeles, Service Employees Union, California Labor Federation and 39 state lawmakers, including Senate President Pro Tem Don Perata (D-Oakland) and Assembly Speaker Fabian Nuñez (D-Los Angeles).

Both Perata and Nuñez have also offered their own healthcare proposals, which are designed as starting points for negotiations with Schwarzenegger. Those retain private insurers, expand public programs and require businesses to provide insurance or pay into a state fund.

Steve Maviglio, Nuñez's communications director, said: "He still believes that single payer is the best way to go, but here on planet reality, we know it's not going to fly."

Kuehl is under no illusions, either. As she did last year, she is not including the taxes needed to put her bill into effect — $95 billion, according to the Lewin report — even if it were to be signed by the governor. That would require the support of Republicans to pass the Legislature, a political impossibility in this year's climate.

And though she is the new chairwoman of the Senate Health Committee, she said she would not try to block other healthcare proposals so as to make her bill the only one to emerge for a vote.

"I see it as the best long-term solution for California and every year it is a bill, it gains more attention and understanding," she said. "Do it this year, do it next year, I don't care.

"In the meantime," she continued, "now that we've got everybody's attention on healthcare, I think we have some opportunities to do some incremental expansion, even if it's only at the lower income level or having something to do with primary care or prevention."

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